MACRA: Alternative Payment Models Proposed Rule CY 2016

June 2, 2016

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Agenda

1. Quality Payment Program (QPP)
2. Advanced Alternative Payment Models (APMs) Requirements
3. Threshold Requirements
4. Qualifying Participants and Group Identifiers
5. Other Topics Related to Advanced APMs

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“Tolerance of Uncertainty”

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January 2015--HHS Goes BIG on Quality & Value

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Better Care. Smarter Spending. Healthier People: Why It Matters

Date	2015-01-26
Title	Better Care. Smarter Spending. Healthier People: Why It Matters
Contact	press@cms.hhs.gov

Better Care. Smarter Spending. Healthier People: Why It Matters

HHS's Ambitious Goals

Moving to Alternative Payment Models

- **By end of 2016**: tie 30 % of fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements
- **By end of 2018**: 50 % percent of payments to these models

Moving traditional fee for service payment to:

- **2016**: tie 85% of payment to quality or value (HVBP, HRRP, e.g.)
- **2018:** move to 90%

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April 2015: MACRA Is Enacted; MIPS/APMs Rule

The Current System: Volume Based	The Future State: Value Based
Provide a service, get paid.	Provide a service and your payment will vary depending on such factors as: • Meeting quality measures • Participating in alternative payment models • Being in a primary care medical home that meets the standards set out by the Center for Medicare and Medicaid Innovation (CMMI)
The more services you provide, the more revenue you get	Starting in 2019 (based on performance in 2017) payments will be linked to quality and value under a Merit-based Incentive Payment System (MIPS) or Advanced Alternative Payment Model (APMs). Payment can be increased or decreased based on performance.

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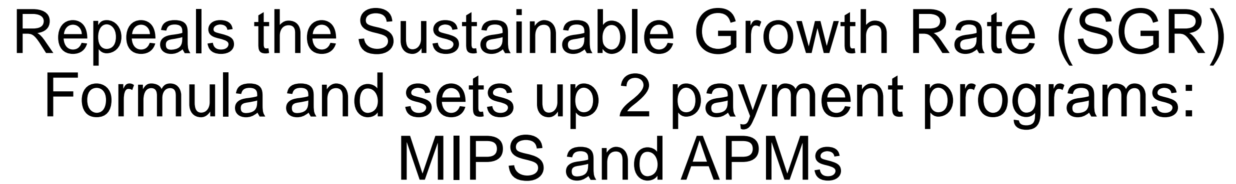
MACRA Legislation



Streamlines multiple quality programs (Meaningful Use, PQRS, Value-based Modifier) under MIPS

APM: Bonus payments for participation in advanced APM models.

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Fee Schedule Remains Bedrock of Payment…

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…What changes is how much you get paid and why

Timeline: How Much Payment is at Risk?

Potential Reductions	2015	2016	2017	2018	2019	2020	2021	2022
Medicare EHR Incentive	-1.0% or -2.0%[c]	-2.0%	-3.0%	Up to -4.0%[d]	--	--	--	--
PQRS	-1.5%	-2.0%	-2.0%	-2.0%	--	--	--	--
Value-modifier (Max reduction)[c]	-1.0%	-2.0%	-4.0%	-4.0%	--	--	--	--
MIPS	--	--	--	--	-4.0%	-5.0%	-7.0%	-9.0%
Total Possible Reduction	-4.5%	-6%	-9%	-10%	-4%	-5%	-7%	-9%

[c] Penalty increases to 2% if Eligible Clinician is subject to 2014 eRx penalty and Medicare EHR Incentive.
[d] AFTER 2017, the penalty increases by 1 percent per year (to a max of 5%) if min 75% of Eligible Clinicians are not participating; otherwise max is 3%

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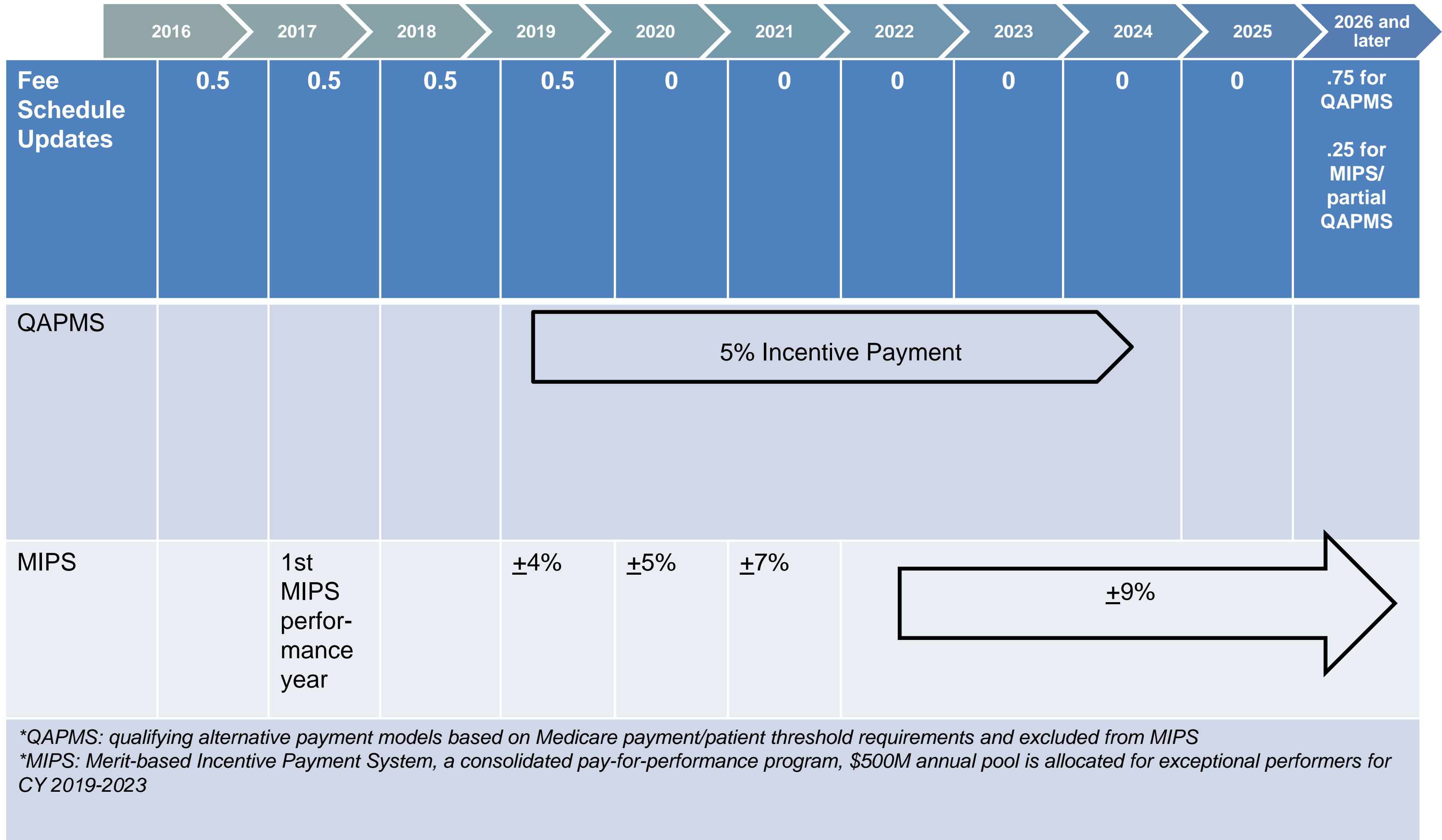
MACRA Timeline



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Why You Need to Get Ready Now

- **2019:**
  - First payment year under MIPS or Advanced APMs
- **2017**:
  - The performance year that determines the 2019 payment

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MACRA Crossroads: Quality Payment Programs

MIPS

+/- 4% in 2019

+/-9% in 2022

CMS estimates 687,000-746,000 clinicians

APMs

+5% for 2019-2024

CMS estimates 30,658-90,000 Eligible Clinicians would become QPs

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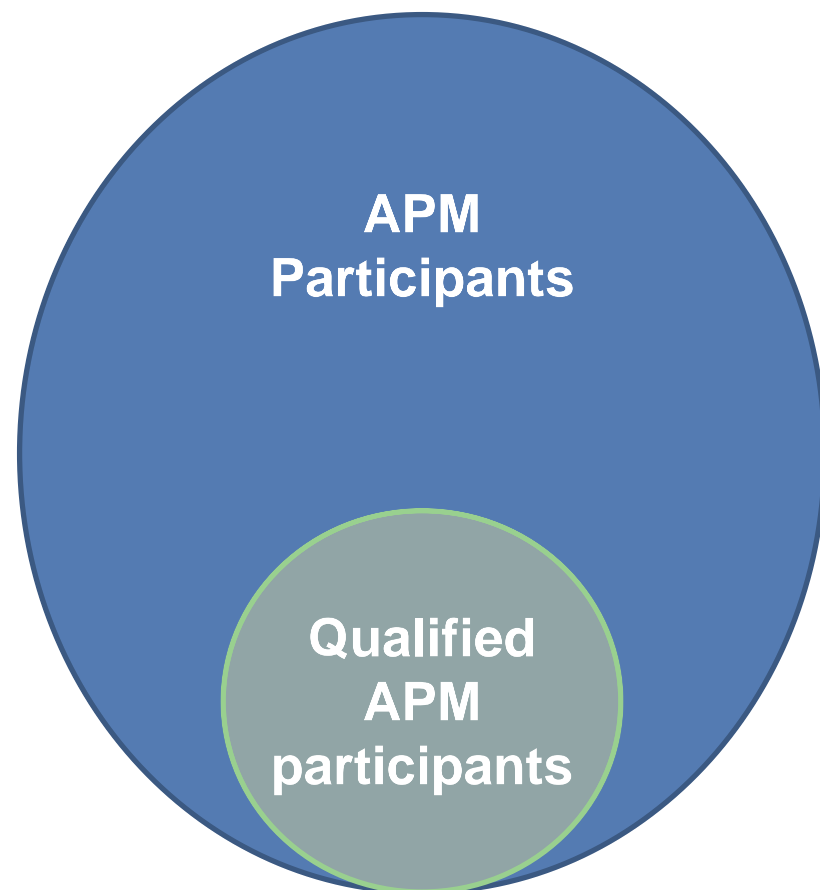
Advanced APMs and Bonus Payments

- Clinicians who participate in **the most advanced** APMs may be determined to be **qualifying APM participants ("QPs").**
- **The QPs:**
  - Have to meet a threshold requirement
  - Are **not subject** to MIPS
  - Receive 5% lump sum **bonus payments** for years 2019-2024
  - Receive a **higher fee schedule update** for 2026 and onward



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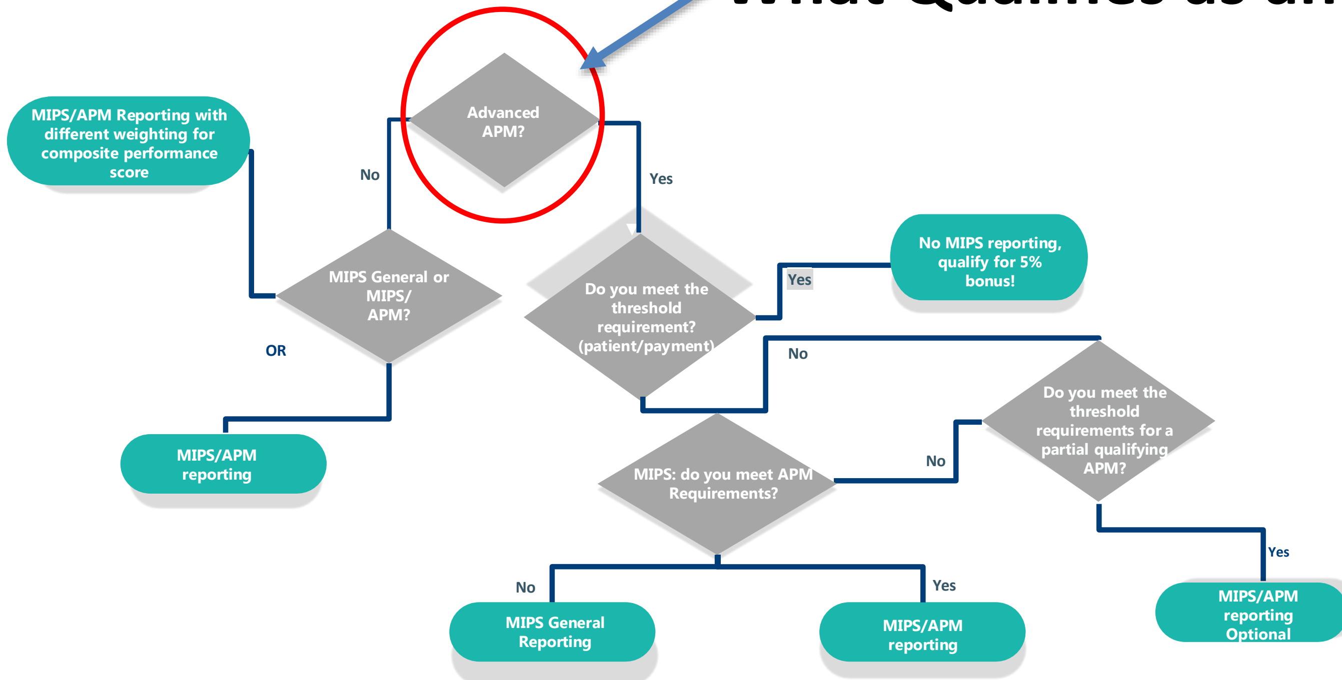
What Qualifies as an Advanced APM?



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Not All APMS Qualify as Advanced APMs

Term	Criteria
Alternative Payment Model (APM)	• Model under CMMI (except innovation awards) • MSSP ACO • CMS demonstration projects • Demonstration required under law
Advanced APM	Entity that meets the following requirements: • Use of CEHRT: at least 50% of Eligible Clinicians must use CEHRT in first year, and later increases to 75%) AND • Payment is based on quality measures comparable to MIPS: measures must be evidence-based, reliable, and valid and at least <u>one</u> measure must be an outcome measure (if appropriate) And • Is a medical home expanded under section 1115A(c) or comparable medical home under Medicaid program OR • Entity bears risk in excess of a nominal amount

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Financial Risk: Must be More Than Nominal Amount

The Advanced APM requires that if actual expenditures exceed expected expenditures then also need one or more of the following:

- Withhold payment for services;
- Reduce payment rates; or
- Require APM entity to owe payments to CMS

NOTE: a full capitation arrangement meets the Advanced APM criterion; **but** MA arrangements are not considered capitation arrangements

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Definition of "Nominal Financial Risk"

Financial Risk Requirements (must meet all 3):

1. Total potential risk (max amount of losses possible) must be at least 4% of the APM spending target
2. Marginal risk (% spending above the APM benchmark) for which the APM is responsible must be at least 30% of losses in excess of expenditures
3. Minimum loss rate (amount by which spending can exceed the APM benchmark without triggering financial risk) must be no greater than 4% of expected expenditures

Advanced APM financial risk criterion is completely met if the APM is a Medical Home Model that is expanded under CMS Innovation Center Authority; medical home models that are not expanded will have different financial risk criteria than other APMs

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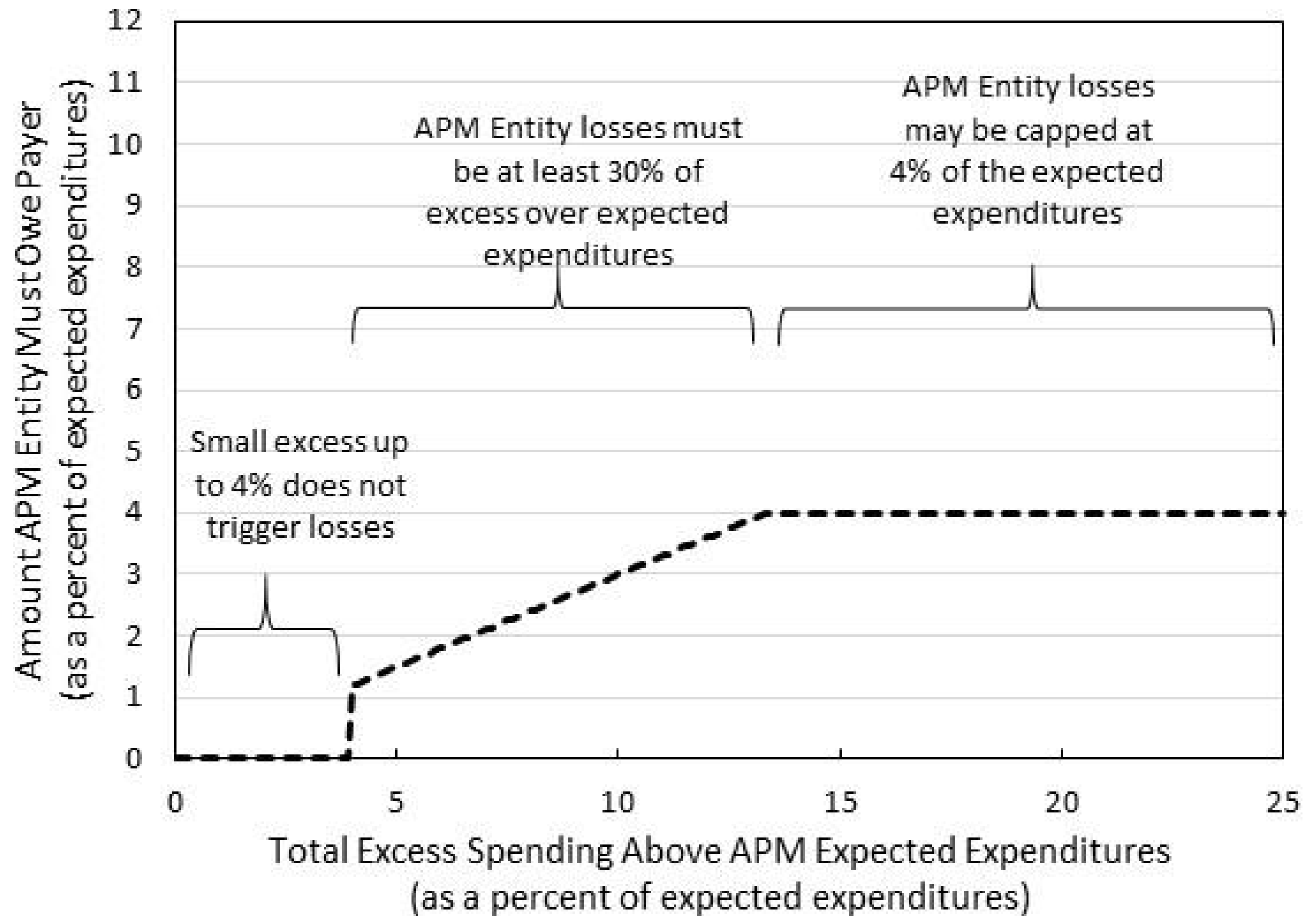
Illustration of Financial Risk



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Is It An Advanced APM (from CMS)?

APM	Advanced APM
Medicare Shared Savings Program-Track 1	No
Medicare Shared Savings Program-Track 2	Yes
Medicare Shared Savings Program-Track 3	Yes
Oncology Care Model two-sided risk	Yes
Oncology Care Model one-sided risk	No
BPCI	No
Comprehensive Primary Care Initiative	Yes
Next Generation ACO	Yes
Comprehensive Care for Joint Replacement	No

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Advanced APM Determination

- Initial set of Advanced APM determination related no later than January 1, 2017
  - **Won't know if you meet threshold until 2018**
- For new APMs announced after 1/1/2017, will be determination in conjunction with another proposed rule or Request for Applications
- List of Advanced APMs updated at least annually

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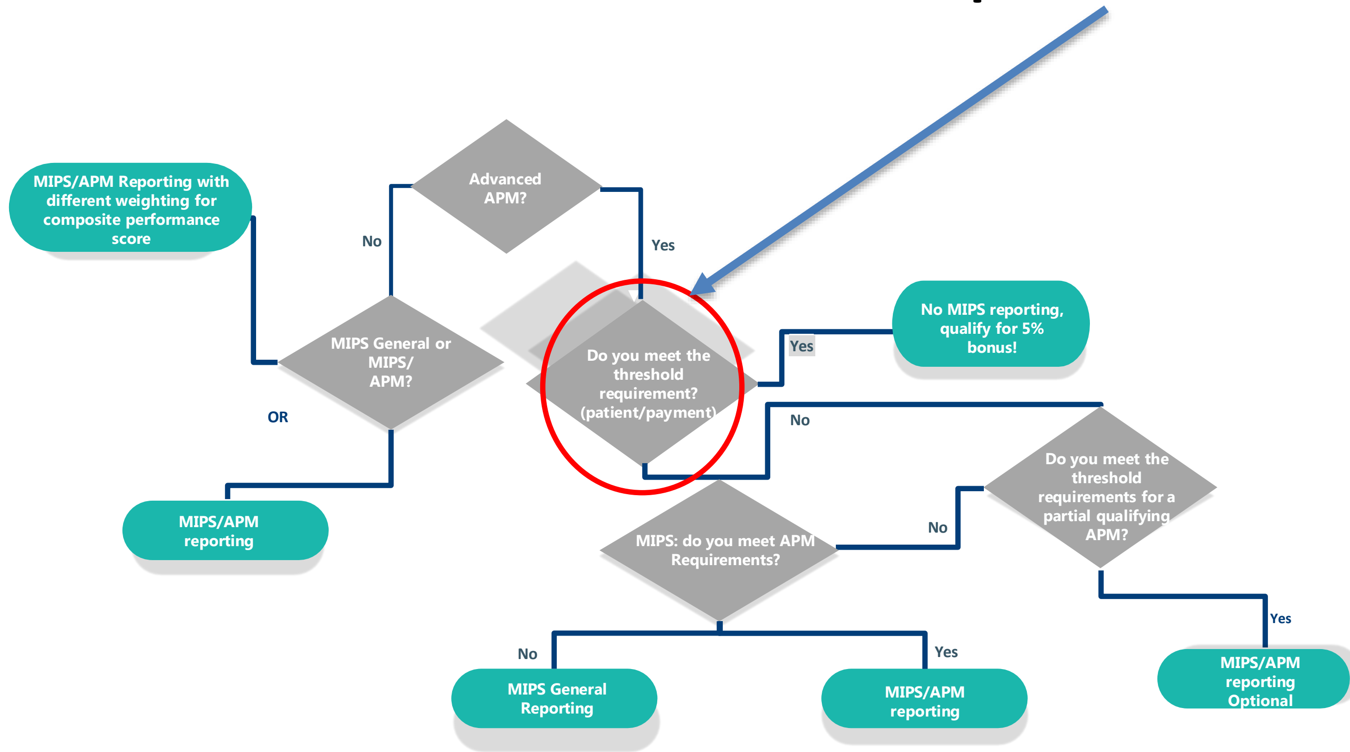
What are the Threshold Requirements for an Advanced APM?



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Medicare Threshold Requirements for Qualifying and Partial Qualifying APMs

- To be classified as "qualifying APM participant" or "partial qualifying APM participant," have to meet or exceed certain thresholds related to APM entities
- Thresholds determined by payments for services in APM but **MA revenue does not count in 2019-2020.**
- Threshold can be set using payments or patients

Years	**Min Thresholds for APM Participant (Payment)**		**Min Thresholds for APM Participant (Patient)**	
	Qualifying	Partial Qualifying	Qualifying	Partial Qualifying
2019-2020	25%	20%	20%	10%
2021-2022	50%	40%	35%	25%
2023 and beyond	75%	50%	50%	35%

The thresholds are based on Medicare FFS revenue and patients ONLY. FFS & All-Payer combination begins in 2021 and have separate requirements.

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All-Payer Combination Option: Threshold Requirements for Qualifying and Partial Qualifying APMs

- To be classified as "qualifying APM participant" or "partial qualifying APM participant," have to meet or exceed certain thresholds related to APM entities
- Threshold can be set using payments or patients

	Min All-Payer Thresholds for APM Participant (Payment or Patient)			
Years	Medicare Qualifying	Total	Medicare Partial Qualifying	Total
2021	25%	50%	20%	40%
2022	25%	50%	20%	40%
2023 and beyond	25%	75%	20%	50%

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Advanced APM Group Identifiers

APM Entity Group Identifier for Performance

Each Eligible Clinician who is a participant of an APM Entity would be identified by unique APM participant identifier—combination of 4 identifiers

- APM Identifier-established by CMS (this is the model)
- APM Entity Identifier-established by CMS– this is entity (e.g. ACO)
- Tax Identification Numbers-9 numeric characters
- Eligible Clinicians NPI-10 numeric characters

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How to Identify as a Group

Advanced APM

- All eligible clinicians who are part of Advanced APM participant list
- If no participation list can use list of Affiliated Practitioners – have a contractual relationship with the Advanced APM based at least in part on supporting quality and cost goals
- APM participant identifiers will be created
- Must be APM participant on 12/31 of performance period, e.g., December 31, 2017

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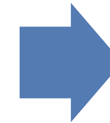
Calculation of Threshold

Within an Advanced APM, all participating Eligible Clinicians are assessed together.

Calculation of threshold is based on Medicare Part B professional services and beneficiaries attributed to the Advanced APM in 2017

If collectively, the Eligible Clinicians meet the payment or patient threshold, all Eligible Clinicians in the Advanced APM would receive 5% bonus



5% bonus payment amount would be based on Medicare Part B payments in 2018

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Clinicians in Multiple Advanced APMs

- If one or more of Advanced APMs meets the threshold then clinician becomes a qualifying participant (QP)
- If none of the Advanced APMs meets the threshold then clinician is assessed individually based on services associated with individual's NPI and furnished through all of the clinicians' Advanced APMs
- Incentive payment divided proportionately among the TINs

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What if the Thresholds are Not Met for Qualifying Participant or Partial Qualifying Participant ?

- If thresholds are <u>not</u> met, then the eligible clinician who is an APM participant on December 31, 2017, would be included in the MIPS program, and receive the performance score of the MIPS APM.

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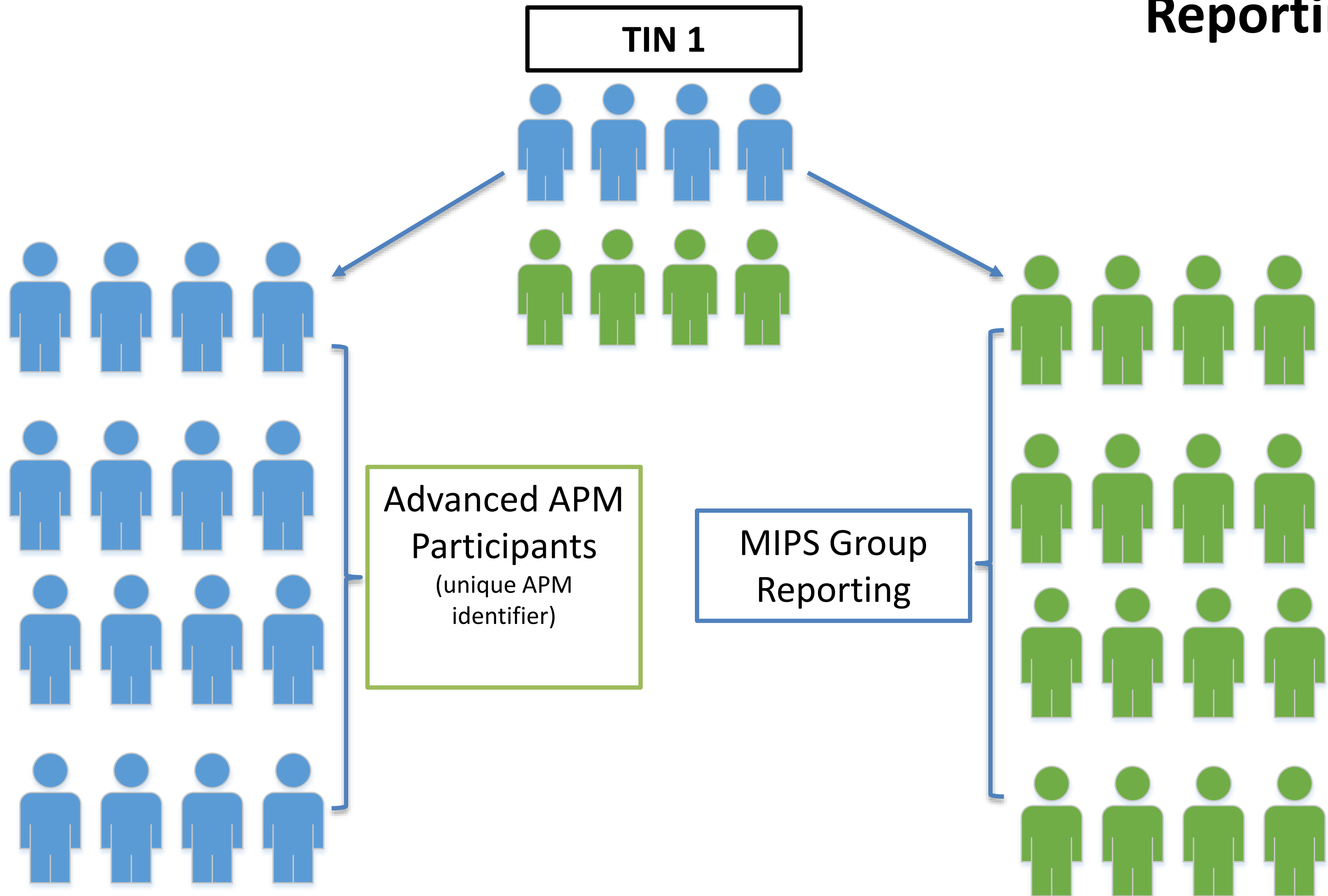
One TIN Can Include Advanced APM and MIPS Reporting



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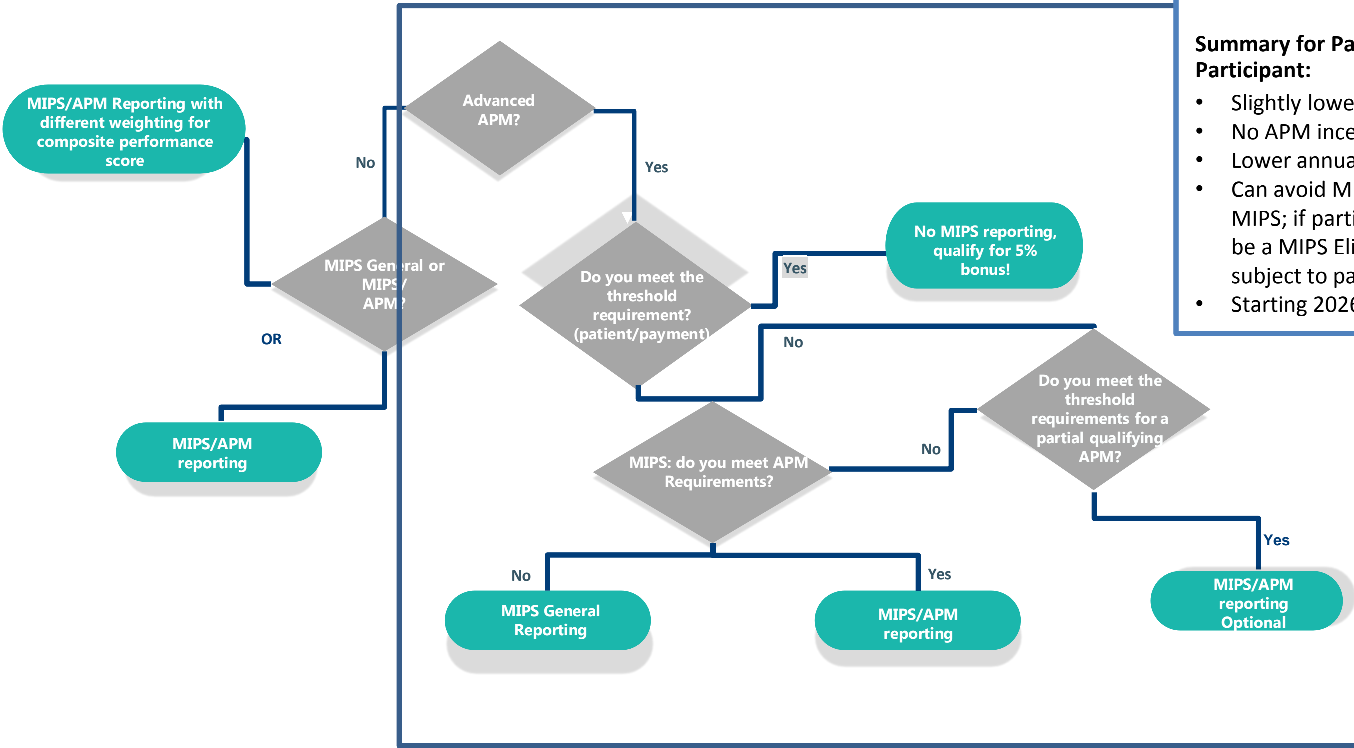
Summary



Summary for Qualifying Advanced APM Participant:

- Significant participation in APM (25% Medicare payments/patients)
- Eligible for 5% bonuses (2019-2024) paid in a lump sum
- Higher update starting 2026 (.75%)
- Avoid MIPS

Summary for Partial Qualifying Advanced APM Participant:

- Slightly lower threshold for participation
- No APM incentive payments
- Lower annual updates
- Can avoid MIPS or choose to participate in MIPS; if participate in MIPS are considered to be a MIPS Eligible Clinician and may be subject to payment adjustment
- Starting 2026: 25% update

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Physician Options for 2019 (Performance Year 2017)

Qualifying APM Participant

- Significant participation in APM (25% Medicare payments/patients)
- Eligible for 5% bonuses (2019-2024) paid in a lump sum
- Higher update starting 2026 (.75%)
- Avoid MIPS

Partial Qualifying APM

- Slightly lower threshold for participation
- No APM incentive payments
- Lower annual updates
- Can avoid MIPS or choose to participate in MIPS; if participate in MIPS are considered to be a MIPS Eligible Clinician and may be subject to payment adjustment
- Starting 2026: 25% update

MIPS: General or APM

- Eligible Clinicians for first 2 years: physician, PA, NP, CNS, and CRNA
- 3rd year onwards: additional Eligible Clinicians may qualify as per the Secretary discretion
- If exceptional performance, eligible for bonus from $500M pool (2019-2024)
- Starting 2026: .25% update
- Potential payment adjustment

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Other Topics Related to Advanced APMs

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Physician-Focused Payment Models (PFPM)

- **Purpose**: to identify physician models that could be APMs or Advanced APMs
- General Concern about specialists' ability to participate in APMs
- No definition yet; should CMS use factors considered by CMMI to select models?
- Want to "promote robust and well-developed proposals"
- Technical Advisory Committee that will review, comment on, and provide recommendations on which PFPMs CMS should test
- Will release criteria by November 1

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MACRA Transition Timeline

	Jul-Dec 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 and beyond
Annual Updates	+0.5%					+0.0%						2 Options: Qualifying APM: +0.75% Other: +0.25%
PQRS Penalty	2%				Penalties transition to MIPS; $500M pool for additional incentives for exceptional performance							
Medicare EHR Penalties	1% or 2%	2%	3%	3% or 4%								
VM Max Penalty*	Up to 1%	Up to 2%	Up to 4%	TBD								
Merit-Based Incentive Payment System (MIPS)* (Only max reduction listed; incentives available, see notes)					4% at risk	5% at risk	7% at risk	9% at risk				+0.25% update + (9%) at risk
Exclusions from MIPS												
Qualifying APM Participant (QP)					Bonus: 5% lump sum payment (based on services in preceding year); No MIPS risk						No Bonus; No MIPS risk	+0.75% update; No MIPS risk
Other MIPS Exclusions (Low volume; Partial Qualifying APM w/ no MIPS reporting)					No Bonus, No MIPS risk							+0.25% update; No MIPS risk

* VM and MIPS have possible upward or downward adjustments. Due to budget neutrality, incentives scale based on available funds. Maximum reduction for MIPS listed in statute.

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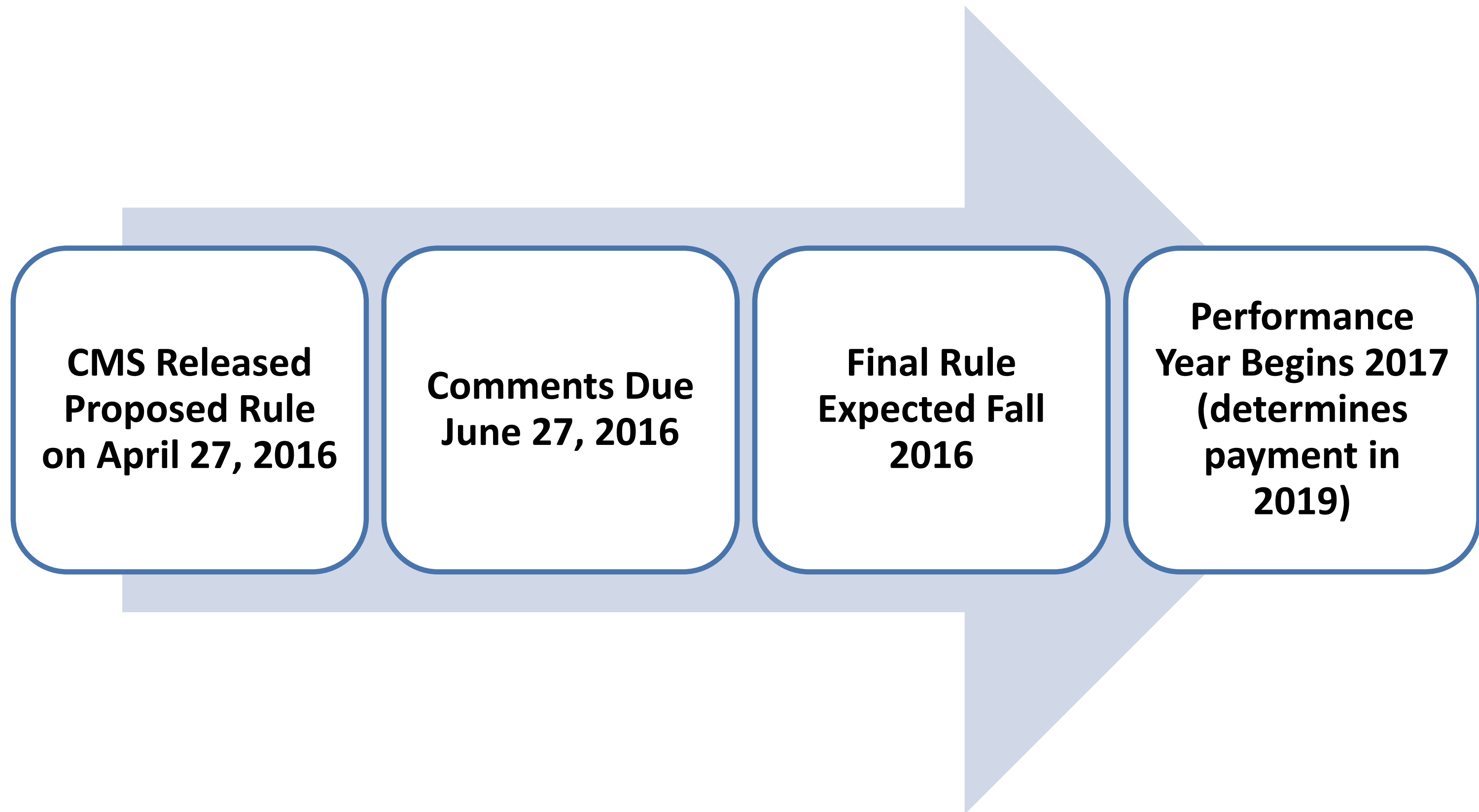
Regulatory Timeline



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Questions?

For more detailed information regarding the Merit-based Incentive Payment System (MIPS) please refer to our webinar from 06/01/16 which will be available at www.aamc.org/MACRA.

Email: teachingphysicians@aamc.org for any additional questions.

Thank you!

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